

# CSI - Ohio

The Common Sense Initiative

## Business Impact Analysis

Agency Name: Department of Medicaid

Regulation/Package Title: Five-Year Review: NF Chart of Accounts Rule

Rule Number(s): 5160-3-42 (Amend)

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Date: July 10, 2014

**Rule Type:**

New

X 5-Year Review

X Amended

Rescinded

The Common Sense Initiative was established by Executive Order 2011-01K and placed within the Office of the Lieutenant Governor. Under the CSI Initiative, agencies should balance the critical objectives of all regulations with the costs of compliance by the regulated parties. Agencies should promote transparency, consistency, predictability, and flexibility in regulatory activities. Agencies should prioritize compliance over punishment, and to that end, should utilize plain language in the development of regulations.

### **Regulatory Intent**

1. Please briefly describe the draft regulation in plain language.

*Please include the key provisions of the regulation as well as any proposed amendments.*

Appendix A of this rule contains the chart of accounts, which establishes the minimum level of detail necessary for nursing facility providers to prepare Medicaid cost reports. This rule

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requires all nursing facilities to file annual Medicaid cost reports to comply with section 5165.10 of the Revised Code. This rule also sets forth provisions regarding the use of sub-accounts, and provisions regarding the reporting of wages and expense accounts.

**2. Please list the Ohio statute authorizing the Agency to adopt this regulation.**

Section 5164.02 of the Ohio Revised Code

**3. Does the regulation implement a federal requirement? Is the proposed regulation being adopted or amended to enable the state to obtain or maintain approval to administer and enforce a federal law or to participate in a federal program?**

*If yes, please briefly explain the source and substance of the federal requirement.*

This rule does not implement any federal requirement. The provisions of this rule are not required by federal law for participation in the Medicaid program or any other federal program.

**4. If the regulation includes provisions not specifically required by the federal government, please explain the rationale for exceeding the federal requirement.**

This rule implements ORC section 5165.10, which requires that nursing facilities file annual Medicaid cost reports.

**5. What is the public purpose for this regulation (i.e., why does the Agency feel that there needs to be any regulation in this area at all)?**

The chart of accounts contains the account codes that nursing facilities need to prepare the annual cost reports required by ORC section 5165.10. Standardized account codes in the chart of accounts are necessary so that all facilities report their costs in the same manner, which facilitates effective and efficient administration of the Medicaid program.

**6. How will the Agency measure the success of this regulation in terms of outputs and/or outcomes?**

This regulation is considered successful when completed cost reports have been submitted by all nursing facilities and desk reviewed to ensure accuracy.

**Development of the Regulation**

**7. Please list the stakeholders included by the Agency in the development or initial review of the draft regulation.**

*If applicable, please include the date and medium by which the stakeholders were initially contacted.*

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The nursing facility provider associations in Ohio are:

- Ohio Health Care Association
- The Academy of Senior Health Sciences, Inc.
- LeadingAge Ohio

The nursing facility provider associations were involved in review of the draft rule during a meeting with the Department of Medicaid on March 19, 2014.

**8. What input was provided by the stakeholders, and how did that input affect the draft regulation being proposed by the Agency?**

No input was provided by stakeholders.

**9. What scientific data was used to develop the rule or the measurable outcomes of the rule? How does this data support the regulation being proposed?**

The use of scientific data was not applicable to the development of this rule.

**10. What alternative regulations (or specific provisions within the regulation) did the Agency consider, and why did it determine that these alternatives were not appropriate? If none, why didn't the Agency consider regulatory alternatives?**

No alternative regulations were considered. The Department considers an Administrative Code rule the most appropriate type of regulation for the provisions contained in this rule.

**11. Did the Agency specifically consider a performance-based regulation? Please explain.**  
*Performance-based regulations define the required outcome, but don't dictate the process the regulated stakeholders must use to achieve compliance.*

No. A performance-based regulation would not be appropriate as it is necessary to have standardized account codes for effective and efficient administrative and auditing purposes.

**12. What measures did the Agency take to ensure that this regulation does not duplicate an existing Ohio regulation?**

This rule was reviewed by the Department of Medicaid's staff, including legal and legislative staff, to ensure there is no duplication within ODM rules or any others in the OAC.

**13. Please describe the Agency's plan for implementation of the regulation, including any measures to ensure that the regulation is applied consistently and predictably for the regulated community.**

Letters will be sent to providers and all County Departments of Job and Family Services explaining the change that has been made to this rule. Additionally, the final rule as adopted by

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the Department of Medicaid will be made available to stakeholders and the general public on the Department's website.

### **Adverse Impact to Business**

**14. Provide a summary of the estimated cost of compliance with the rule. Specifically, please do the following:**

**a. Identify the scope of the impacted business community;**

This rule impacts approximately 950 nursing facilities in Ohio that choose to participate in the Medicaid program.

**b. Identify the nature of the adverse impact (e.g., license fees, fines, employer time for compliance); and**

This rule requires nursing facilities to file annual Medicaid cost reports, which involve the report of information.

**c. Quantify the expected adverse impact from the regulation.**

*The adverse impact can be quantified in terms of dollars, hours to comply, or other factors; and may be estimated for the entire regulated population or for a “representative business.” Please include the source for your information/estimated impact.*

The Department estimates that approximately 15 hours of staff time is necessary for a nursing facility provider to prepare and file an annual Medicaid cost report.

**15. Why did the Agency determine that the regulatory intent justifies the adverse impact to the regulated business community?**

This rule implements ORC section 5165.10, which requires nursing facilities to file annual Medicaid cost reports.

### **Regulatory Flexibility**

**16. Does the regulation provide any exemptions or alternative means of compliance for small businesses? Please explain.**

No. All nursing facilities are required by the Revised Code to file cost reports, and the reporting requirements are the same for all providers.

**17. How will the agency apply Ohio Revised Code section 119.14 (waiver of fines and penalties for paperwork violations and first-time offenders) into implementation of the regulation?**

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ORC section 119.14 is not applicable to this rule as this rule does not impose any fines or penalties.

**18. What resources are available to assist small businesses with compliance of the regulation?**

Providers in need of assistance may contact the Bureau of Long Term Care Services and Supports at (614) 466-6742, or the Rate Setting and Cost Settling Unit at (614) 752-4389.